



**TESTIMONY BEFORE THE
HOUSE COMMITTEE ON WAYS AND MEANS**

ON

**THE SOCIAL SECURITY ADMINISTRATION'S
SERVICE TO THE PUBLIC**

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WASHINGTON, D.C.

**WITNESS: MARA MAYOR
AARP BOARD OF DIRECTORS**

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Chairman Rangel, Ranking Member McCrery, Subcommittee Chair McNulty, Ranking Member Johnson, and members of the Ways and Means Committee: Good morning. I am Mara Mayor, a member of the Board of Directors for AARP. AARP is a nonprofit, nonpartisan membership organization that helps people age 50+ maintain independence, choice, and control in ways that are beneficial and affordable to them and to society as a whole. With over 39 million members, AARP is the largest organization representing the interests of Americans age 50 and older and their families. We appreciate this opportunity to give our perspective on the decline in service to the public by the Social Security Administration (SSA).

As was reported in the AARP Bulletin last year, the Social Security Administration touches the lives of nearly every American, and was once known as the standard for government agency service by which all others were measured. Over time, however, the agency's mission has been diluted by additional responsibilities not related to its core mission while the agency itself has faced a loss of staff and a budget that is woefully inadequate.

A Workload Not Matched with Resources

The Social Security Administration was made an independent agency in 1995 to provide the program with consistent direction and professional management and help insulate it against decisions not based on Social Security-related issues.

In the ensuing years, the agency has been tasked with numerous other responsibilities that fall outside its core mission of managing the Old Age and Survivors Insurance (OASI), Disability Insurance (DI), and Supplemental Security Income (SSI) programs. SSA now plays a key role in assessing the correct premium for Parts B and D of Medicare. In addition, SSA processes applications for the Low Income Subsidy of Medicare Part D and conducts outreach to those who may potentially qualify for the extra help.

In recent years the agency has become an important element in the nation's homeland security efforts as it conducts millions of Social Security number (SSN) verifications for employment purposes and other immigration-related activities. In light of the added administrative burden these activities have placed on the agency, and the impact that burden has on the timely delivery of services to beneficiaries, AARP has grave concerns about proposals that would further expand these activities or mandate new ones.

The extra work given to SSA by Congress comes at a time when the nation is confronting a significant, long-anticipated demographic challenge, the coming of retirement age of the Baby Boom generation, which will add nearly 80 million new beneficiaries to the Social Security rolls – nearly 13 million in the next 10 years alone, and upwards of 16,000 per working day. It is not difficult, then, to understand the enormity of the task the agency faces in foreseeable work alone.

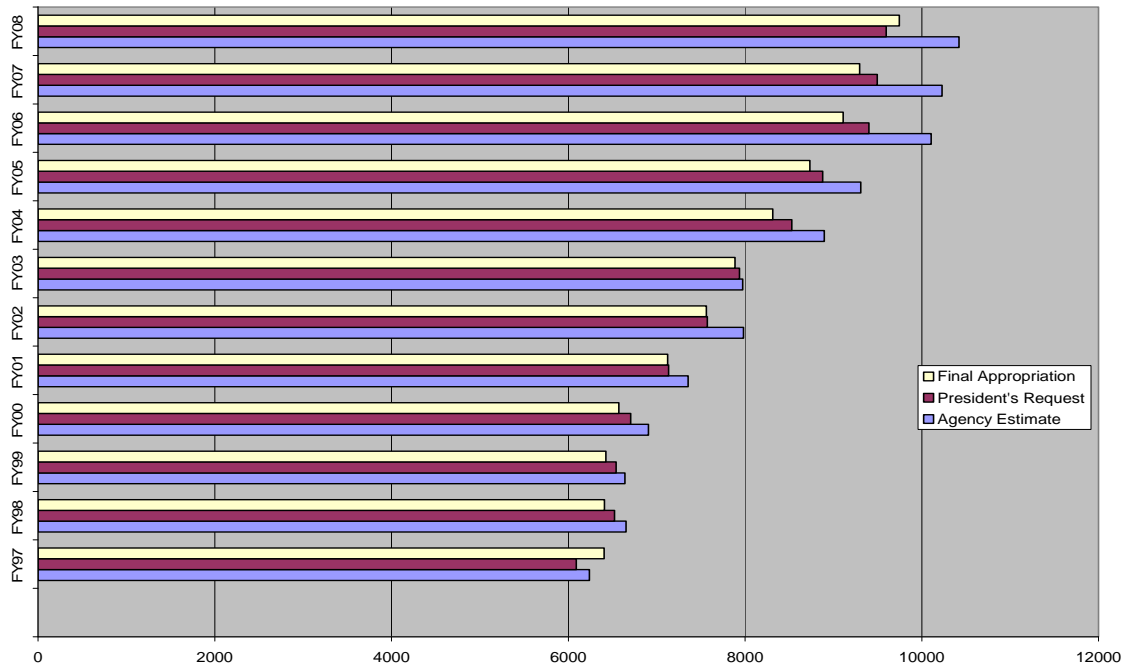
And what will those millions of Boomers face when they make their initial applications? They will deal with SSA field offices that served an average of 870,000 people each week in 2007. That number continues to grow with each passing week. Earlier this year, on two separate occasions, SSA field offices set all-time record highs for the number of visitors served.

The real impact of the demand on SSA is serious. In the next fiscal year alone, the agency expects to provide benefits to 60 million beneficiaries, properly assign nearly 275 million earning items to workers' earnings records, and issue 20 million Social Security cards. It is not difficult to see, then, how work that also includes hearing cases, dealing with incorrect payments, and everyday customer service activities can begin to backup. Despite the hard work of thousands of dedicated Social Security employees and managers, SSA is dealing with service issues that would challenge even the strongest of organizations.

SSA is at its lowest staffing level in 35 years and is closing offices across the country, despite the record number of retirees coming into the system and its new responsibilities. SSA caseworkers are overwhelmed with a backlog that can make individuals wait up to three years before receiving disability benefits. In FY 2007, Social Security faced a funding crisis that nearly resulted in employee furloughs.

Efforts to deal with the SSA’s service problems, however, are hampered by insufficient funds. Although the SSA’s administrative expenses are paid from the trust funds, such payments are insufficient because the agency’s administrative expenses have been included as part of non-Social Security spending subject to caps and across-the-board cuts. This means the SSA’s funding may have been artificially low in order to comply with spending targets unrelated to Social Security.

Consider this chart of the history of Social Security appropriations during its time as an independent agency:



Source: Congressional Research Service

This chart shows how, over time, Congress and the Administration have whittled away at SSA's budget in order to meet other discretionary targets, even though the agency does not compete for discretionary dollars. We believe this treatment has ill-served the agency and the millions who rely on it to administer the benefits they have earned and are entitled to receive.

For FY 2008, Congress appropriated \$148 million over the President's request, but still short of the \$10.1 billion authorized by the budget resolution and the amount SSA had originally requested of the Administration.

Insufficient funding will hamper the agency's ability to serve the wave of Boomers who have begun entering retirement or to make any headway in reducing the backlog of services in its disability program. And, as Congress gives the agency additional responsibilities that are outside its core mission, the agency will continue to struggle to reclaim its place as the model government agency.

The Claims Keep Coming...And Waiting

A scene from the comedy classic, *I Love Lucy*, is familiar to most of us. Lucy and Ethel have a job packaging chocolate candy that comes to them via conveyor belt. It seems easy enough when they are shown what to do, however, the pace quickens and the candy begins to stack up. No amount of creativity can ease the back up – working faster, stacking the candies on top of one another, shoving them in their pockets, even eating some of the candy – cannot put Lucy and Ethel back on track.

This is a humorous story, of course, but it has a real world counterpart that is not funny, but sadly very tragic. We refer to the number of people forced to wait for a determination of their application for disability benefits. In a similar fashion the cases keep coming in, but the pace is too fast for workers to handle and the

output is too slow. Not boxes of candy but real human lives are being stacked up and forced to wait; they wait in pain, frustration, and financial hardship.

The backlog of disability cases is a direct result of the agency's underfunding and results in a waitlist which should embarrass all of us.

The backlog numbers are astounding:

- 1.4 million people were awaiting a decision on their initial claim or appeal for Social Security or Supplemental Security Income (SSI) disability benefits as of early 2008.
- Initial applications for disability benefits have grown over 20% in the last decade.
- As of March 2008 the backlog of appealed cases is over 750,000. These people wait, on average, nearly 500 days from the beginning of their claim to receiving a final determination. Almost 300,000 of these cases are over a year old.
- Veterans who have sacrificed tremendously for our country are not spared the indignity. Over 90,000 of the pending appeals hearings are veterans'.

It is important to remember that the time cases are waiting for a hearing are in addition to the time it takes to process one's initial claim.

Where Will They Turn for Help?

At a time when it would appear that additional help is needed to handle the incoming and pending workload, the agency is unfortunately forced to cut back due to the chronic and demonstrated underfunding that has plagued SSA.

In recent years the agency has made the unfortunate but necessary decision to close offices and consolidate operations across the nation. Since FY 2006, at least 18 offices have been closed or merged in an effort to do more with less. AARP is very concerned that if this trend continues, even routine service will slip even further. While many in the general public are already concerned whether their full Social Security benefit will be there for them when they retire or when they become disabled, they shouldn't also have to be concerned that their Social Security office will be there too.

In addition to office closures, many locations are seriously understaffed due to employee attrition. Employees who retire or otherwise leave the agency are not replaced because the resources are just not available.

In fiscal year 2009 staffing at SSA will reach its lowest level since 1972, before SSI was established; yet SSA today has about twice the number of beneficiaries it had in 1972. According to SSA's Budget Appendix for FY 2009, SSA's civilian full-time staff employment for Fiscal Year 2009 will remain essentially unchanged.

Even the use of technology and other efficiency efforts have their limitations. Call centers (800 numbers) handle tens of millions of contacts through agents and automation, but customers will still get a busy signal nearly 10 percent of the time, and have long waits once they do get through.

The ever-decreasing number of offices is also handling an increasing number of calls directed to them directly or through other call operations. Customers hoping to reach someone this way will get a busy signal more than half the time.

As if service degradations were not enough, the status quo prevents program integrity efforts from realizing their potential. Congress has consistently provided for separate, additional funds for SSA to conduct Continuing Disability Reviews

(CDR) and SSI eligibility redeterminations. When fully utilized, CDR's result in savings of over \$10 in program costs for every \$1 in administrative funding used to conduct the reviews. SSI redeterminations help save \$7 for every \$1 spent. Not enabling the agency to pursue these activities simply because of an artificial barrier like the discretionary spending caps is indeed "penny wise and pound foolish."

How Congress Should Act...And Soon

Since SSA administrative expenses (less than 2% of annual benefit outlays) are funded from the trust funds rather than general treasury revenue, they should not be treated like other discretionary spending. Instead, the annual budget resolution should include a separate cap for the agency's LAE that is tied to some other measure, such as a percentage of projected annual outlays in benefits.

In addition, we urge that there be no further expansion of administrative activities that do not directly enhance the prompt delivery of services to beneficiaries. Extraneous administrative functions contribute to the lack of timely service delivery generally and likely exacerbate the disability claims backlog. In particular, those activities which have no direct relationship to the delivery of benefits, and which would normally be funded through discretionary dollars, should not be funded from the trust funds, and especially not if a separate cap for the agency's LAE is implemented.

The time to act has long since passed. On behalf of the more than 39 million Americans who are members of AARP, I thank you for the opportunity to address the committee.